

ENGINE SUPPLY CHAIN STUDY

CGN developed elasticity models for an engine manufacturer to analyze their key supply chain drivers and the potential impact to the organization's bottom line.

Business Problem

Our client wanted to evaluate the current cost of operating their supply chain. Information was fragmented and difficult to obtain. They also wanted to evaluate the impact of key policies on supply chain costs and understand the financial impact of changing policies to better service their customers. Lastly, the client wanted to identify any significant opportunities that would quickly yield financial benefits to the organization and/or justify Six Sigma project Charters.

CGN Solution

The CGN team applied its supply chain expertise to:

- Define cost areas for formulating a detailed operations cost model from various sources.
- Create a detailed Impact Matrix between the supply chain drivers and their related supply chain cost components. An accelerated, value based approach was applied to minimize the number of models required while maximizing the resulting impact on the supply chain to be analyzed. This resulted in feasible action items that would drive efficiency and lower costs throughout the supply chain.
- Identify the major challenge areas within the supply chain process and translate the available data to assess the potential quick hits yielding significant financial benefits to the organization's bottom line.

Customer Benefit

In addition to assisting the client better understand their current cost of operating the supply chain, CGN identified a one time potential savings of \$ 19 MM and an on-going annual savings of over \$ 4 MM. The client has also utilized these results to support key Six Sigma projects.

SCOPE

Conduct detailed supply chain analysis; develop elasticity models to enable decision making for improving the supply chain efficiency and identify cost saving opportunities within the organization.

BUSINESS DRIVERS

Understand the cost of operating the supply chain today; Identify and quantify the cost saving opportunities inherent within the current supply chain; provide the executive team with a decision making tool for improving the overall supply chain efficiency.



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